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Commissioner
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Deputy Commissioner
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10 Attorneys for Complainant

11 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
12 OF THE STATE OF CALIFORNIA
13

14 In the Matter of:)
15) CFL LICENSE NO.: 603-1829
16 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
17) ACCUSATION
Complainant,)
18)
v.)
19)
20 FIDELITY COASTAL FUNDING COMPANY,)
21 INC.,)
22 Respondent.)
23)

24 The Complainant, Commissioner of Financial Protection and Innovation (Commissioner) is
25 informed and believes, and based upon such information and belief, alleges and charges the
26 Respondent, Fidelity Coastal Funding Company, Inc. (Fidelity Coastal) as follows:

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I.

Introduction

1. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of finance lending or brokering under the California Financing Law (CFL) (Fin. Code, § 22000 *et seq.*).

2. Fidelity Coastal is a corporation with a principal place of business at 11952 Wilshire Boulevard, Los Angeles, California 90025.

3. Fidelity Coastal is licensed as a finance lender under the CFL with license number 603-1829.

II.

Failure to Maintain Net Worth at All Times

4. Financial Code section 22159 requires CFL licensees to file an annual report with the Commissioner by March 15 of each year reflecting the licensee's previous calendar year's business and operations (Annual Report).

5. Financial Code section 22104, subdivision (a), requires that CFL licensees maintain a net worth of at least twenty-five thousand dollars (\$25,000) at all times.

6. A regulatory examination of Fidelity Coastal was commenced on April 24, 2020, which revealed that Fidelity Coastal failed to maintain the minimum net worth at all times, in violation of Financial Code section 22104, subdivision (a).

7. On or about March 14, 2019, Fidelity Coastal submitted its 2018 CFL Annual Report, which was prepared by a Certified Public Accountant (CPA). The 2018 CFL Annual Report shows that Fidelity Coastal had a net worth of -\$16,065.00, which is less than the minimum net worth of \$25,000, in violation of Financial Code section 22104, subdivision (a).

8. Fidelity Coastal's balance sheet as of December 31, 2018, shows a net worth of \$19,300.32, which is also less than the minimum net worth of \$25,000, in violation of Financial Code section 22104, subdivision (a).

9. On or about March 12, 2020, Fidelity Coastal submitted its CPA prepared 2019 CFL Annual Report showing a net worth of -\$20,186.00, which is less than the minimum net worth of

1 \$25,000, in violation of Financial Code section 22104, subdivision (a).

2 10. Fidelity Coastal’s balance sheet as of December 31, 2019, shows a net worth of
3 \$15,179.32, which is also less than the minimum net worth of \$25,000, in violation of Financial
4 Code section 22104, subdivision (a).

5 11. On or about April 24, 2020, Fidelity Coastal reportedly received a \$50,000 cash
6 transfer from its affiliate, allowing Fidelity Coastal to meet its minimum net worth from April 2020
7 through August 2020.

8 12. The examination further noted that prior regulatory examination in October of 2012
9 showed that Fidelity Coastal had failed to maintain the minimum net worth as of December 31,
10 2011. On or about October 2, 2012, the Department had notified Fidelity Coastal that it was in
11 violation of Financial Code section 22104, and demanded that Fidelity Coastal comply with
12 Financial Code section 22104, subdivision (a).

13 13. On or about November 5, 2020, the Department again notified Fidelity Coastal of its
14 failure to maintain the minimum net worth at all times, and demanded a response and compliance
15 with Financial Code section 22104, subdivision (a).

16 14. On or about March 2, 2021, Fidelity Coastal submitted its CPA prepared 2020 CFL
17 Annual Report showing a net worth of -\$24,758.00, which is less than the minimum requirement
18 amount of \$25,000, in violation of Financial Code section 22104, subdivision (a).

19 15. On or about March 15, 2022, Fidelity Coastal submitted its CPA prepared 2021 CFL
20 Annual Report showing a net worth of -\$30,109.00, which is less than the minimum requirement of
21 \$25,000, in violation of Financial Code section 22104, subdivision (a).

22 **III.**

23 **Applicable Law**

24 16. Financial Code section 22714 provides in pertinent part:

25 (a) The commissioner shall suspend or revoke any license, upon notice
26 and reasonable opportunity to be heard, if the commissioner finds any
of the following:

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(1) The licensee has failed to comply with any demand, ruling, or requirement of the commissioner made pursuant to and within the authority of this division.

(2) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

IV.

Prayer

The Commissioner finds that Fidelity Coastal has violated Financial Code section 22104, subdivision (a) by failing to maintain the minimum net worth of \$25,000 at all times, and has failed to comply with the Commissioner’s demands or requirement. By reason of the foregoing, pursuant to Financial Code section 22714 grounds exist to revoke the California Financing Law license of Fidelity Coastal Funding Company, Inc.

WHEREFORE, IT IS PRAYED that the California Financing Law license of Fidelity Coastal Funding Company, Inc. be revoked.

Dated: March 25, 2022
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
Afsaneh Eghbaldari
Senior Counsel
Enforcement Division